

Kempower

Company report

07/12/2024 1:20 EEST



Pauli Lohi
+35845 134 7790
pauli.lohi@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Odotettua rajumpi tulosvaroitus” published on 7/12/2024 at 1:24 am EEST

**inde
res.**

A bigger profit warning than expected

Customer demand clearly weakening more than expected is turning this year's result negative and pushing achieving reasonable earnings-based valuation levels toward the end of the decade. The electrification of transport and the high competitiveness of the company's products still enable value creation in the medium term. However, low visibility to growth in the next few years decreases the risk/reward ratio to negative, thus we lower our recommendation to Reduce (was Buy) and the target price to EUR 19 (was EUR 28).

Customer demand has not yet recovered

Kempower issued a profit warning on Thursday, July 11 at 6.15 pm, and provided preliminary information on Q2's orders, revenue and operating result. Q2's order intake was significantly lower than expected at 54 MEUR (Q2'23: 86 MEUR, Inderes forecast 82 MEUR, consensus 84 MEUR). Revenue also decreased to 57 MEUR (-21% y-o-y). The operational EBIT was negative at -8.5 MEUR, which we believe is mainly caused by the lack of scale and the higher mass of fixed costs.

Acceleration sought from a lower revenue level than in the previous year

Kempower's new guidance expects that its 2024 revenue will be 220-260 MEUR (previous 360-410 MEUR, 2023: 284 MEUR). The guidance cut was much more severe than we expected (our forecast 343 MEUR, consensus 354 MEUR). The guidance cut is related to weak demand, which, according to the company, is due to, e.g., customers' high inventory levels and slow installation based on lack of availability of network connections. The operational EBIT margin is guided to be negative, but to improve to zero by Q4. The company has increased its fixed costs significantly during 2023-24, while opening new factories in the US and Lahti, Finland and growing its organization. Kempower expects to make significant short- and medium-term changes to the cost structure to optimize the efficiency of the organization, which we estimate could, together with growth, support profitability in the coming years. As a result of the severe profit warning, we cut our 2024 revenue forecast by as much as 30% (to 240 MEUR), but our forecasts for later years decreased less (2028e revenue decreased by 17%). We estimate that the EBIT margin will recover to 6-10% in 2025-26, but we no longer expect profitability to improve to the strong 2023 level (EBIT 14%) even in the long term. Our EBIT forecasts for 2026 decreased by 41% due to high operational leverage.

Long-term potential should not be ignored, but the current risk/reward ratio is not attractive

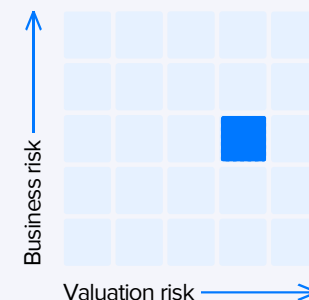
Our previous valuation for Kempower was based on its strong growth and profitability track record, especially in 2023, and on the assumption that the growing cost structure will within a year be reflected in a significant increase in revenue through new factories and wider distribution. However, with the profit warning, fresh investments turning profitable is further ahead than expected. Earnings-based valuation multiples for the coming years have risen to very high levels (EV/EBIT 2025: 67x and 2026e 28x). The high growth potential of the market and the strong competitiveness of the company's products will continue to enable significant value creation in the medium term, but for now visibility to improving growth has weakened and the valuation no longer turns attractive with our lower forecasts within a 2-3-year time horizon. More reasonable valuation multiples can only be achieved with our 2028-29 forecasts (EV/EBIT: 13-16x).

Recommendation

Reduce
(previous Buy)

EUR 19.00
(previous EUR 28.00)

Share price:
22.40



Key figures

	2023	2024e	2025e	2026e
Revenue	283.6	239.6	321.1	417.5
growth-%	174%	-16%	34%	30%
EBIT adj.	40.7	-25.6	18.2	43.2
EBIT-% adj.	14.4 %	-10.7 %	5.7 %	10.4 %
Net Income	33.8	-20.5	15.6	35.3
EPS (adj.)	0.61	-0.37	0.28	0.64
P/E (adj.)	46.9	neg.	79.6	35.0
P/B	11.9	11.0	9.7	7.6
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	37.2	neg.	66.7	27.6
EV/EBITDA	32.1	neg.	44.7	19.9
EV/S	5.3	5.0	3.8	2.9

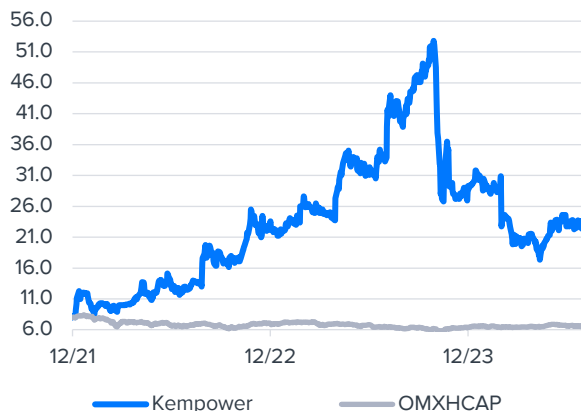
Source: Inderes

Guidance

(Downgraded)

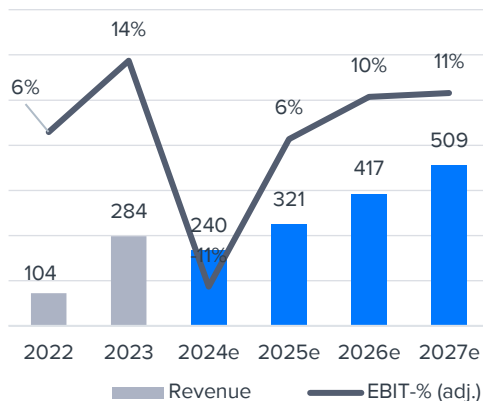
2024 revenue; 220-260 MEUR, assuming no major impact of foreign currency exchange rates. 2023 operative EBIT margin is negative.

Share price



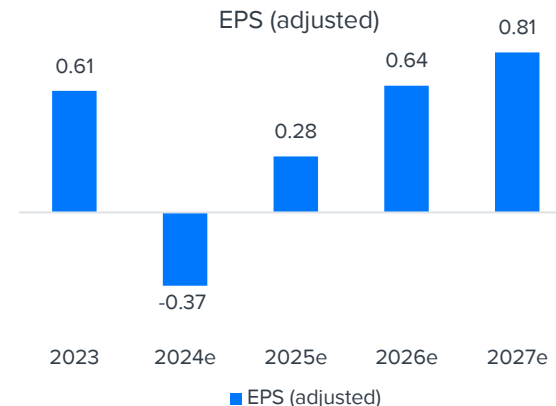
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Electrification of transport creates a big need for efficient and versatile charging capacity
- Products are highly competitive and it can take a long time for competitors to develop similar features
- Growing the distribution channel allows the company to become one of the big global manufacturers
- Higher gross margins than for competitors



Risk factors

- Rapidly growing the organization burdens profitability considerably in the short term
- Large variations in the pace of the electrification trend in transport can be seen
- Uncertainty about long-term profitability levels in the industry
- Changes in technological competitiveness could threaten growth and pricing
- Slowdown in demand growth and narrowing technological gaps are likely trends in the long term
- A high valuation based on long-term earnings growth carries significant risk

Valuation	2024e	2025e	2026e
Share price	22.4	22.4	22.4
Number of shares, millions	55.3	55.3	55.3
Market cap	1238	1238	1238
EV	1209	1215	1195
P/E (adj.)	neg.	79.6	35.0
P/E	neg.	79.6	35.0
P/B	11.0	9.7	7.6
P/S	5.2	3.9	3.0
EV/Sales	5.0	3.8	2.9
EV/EBITDA	neg.	44.7	19.9
EV/EBIT (adj.)	neg.	66.7	27.6
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Demand in Q2 was clearly lower than expected

Customers' inventory levels are still high and the availability of network connections limits installations

- Kempower issued a profit warning on Thursday at 6.15 pm, and provided preliminary information on Q2's orders, revenue and operating result.
- Neworders amounted to 54 MEUR, down 37% from the comparison period (Q2'23). We expected Kempower to improve its order intake clearly from the weak Q1, supported by, e.g., the normalization of customers' inventory levels, new won customers and the launch of Kempower's new generation solutions. We expected Q2 order intake to fall by only 5%. Our forecast for Q2's order intake was 82 MEUR and the consensus was 84 MEUR. Kempower's order backlog stood at 101 MEUR at the end of Q2 (Q2'23: 139 MEUR).
- Kempower justified the weak demand by, e.g., customers' high inventory levels, limited availability of network connections and full availability of the company's next-generation solutions only materializing in H2'24.
- Revenue was 57 MEUR (our forecast 78 MEUR and consensus 82 MEUR) and fell by 21% from the comparison period.
- The Q2 operating result decreased to -8.5 MEUR (Q2'23: 13.9 MEUR). We expected a slightly positive result at 3.6 MEUR (consensus 5.3 MEUR). During the past year, Kempower has significantly increased its fixed costs to achieve growth, which is now reflected as negative profitability with revenue falling. The company has not yet reported its gross margin for Q2, but based on the reported operating result, we estimate that the margin level has been fairly close to the 50.5% level we predicted if fixed costs have increased in line with our forecasts. Thus, the decrease in profitability is likely to be mainly related to a lower scale than expected, rather than a significant weakening in the margin level.

Estimates	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus	Difference (%)	2024e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	72.5	57.1	78.3	81.7		-27%	343
Order intake	86.3	54.1	82.0	84.4		-34%	339
Gross margin %	51.1 %		50.5 %	50.5 %			51.0 %
EBIT (adj.)	13.9	-8.5	3.6	5.3		-335%	22.7
EBIT	13.9		3.6	5.2			22.6
EPS (reported)	0.20		0.06	0.08			0.35
Revenue growth-%	235.5 %	-21.2 %	8.0 %	12.8 %		-29.2 pp	21.0 %
EBIT-% (adj.)	19.2 %	-14.9 %	4.6 %	6.5 %		-19.5 pp	6.6 %

Source: Inderes & Modular Finance (consensus: 8 analysts)

Our 2024e forecasts in the table reflect the view before the profit warning issued by the company on 7/11.

Near term growth outlook weakened with the profit warning

Guidance fell much more than we expected

We were skeptical about the guidance that expected strong growth in 2024 even before Kempower's profit warning on July 11. However, our expectations were still far too high, as the profit warning was clearly more severe than estimated. Kempower's new guidance expects 2024 revenue to be 220-260 MEUR (was 360-410 MEUR), assuming that exchange rate fluctuations do not have a significant impact. We cut our 2024 revenue forecast from 343 MEUR to 240 MEUR. Q2's weak order intake will not support growth in the coming quarters. We estimate that factors that weaken customer demand, such as high inventory levels and availability of network connections, as well as slower growth in electric passenger car sales, will hinder demand for fast charging solutions also during the rest of the year. We assume that revenue will decrease by 10% y-o-y in H2 (actualized H1 growth: -22 %).

The electrification of transport fluctuates, but growth is sought from a clearly lower starting level

We also believe the revenue growth outlook for the coming years has weakened, as even if orders would turn up toward the end of the year, the starting level of revenue and market demand is clearly lower than previously assumed. Sales figures for key competitors are not widely available from public sources, but, e.g., the bankruptcy of Tritium and Freewire and Tesla's decision to limit the growth of its charging network indicate on their part significant challenges in market demand. We cut our 2025-28 revenue forecasts less dramatically but still significantly (2025: -27%, 2028: -17%). Our revenue forecasts for 2026-28 are now 417-611 MEUR, i.e. below Kempower's target level of 750 MEUR. Kempower emphasized that the company still stands behind its existing financial targets, which leads to the conclusion that the company believes that the current weak demand is temporary.

The result for this year will be in the red

Regarding profitability, Kempower estimates that the operational EBIT for 2024 will be negative, but will improve toward the end of the year so that Q4's profitability would already be at zero. The company expects to implement significant changes to its cost structure both in the short and medium term to defend its profitability. Our 2024 EBIT estimate is -26 MEUR. We expect the operating result to turn profitable to 6-10% of revenue in 2025-26 through growth and rationalization of the cost structure. Fixed costs have been raised heavily in 2023-24, e.g., through the opening of new factories in the US and Lahti, Finland, and building the organization. Kempower has a strong track record of high profitability in 2023, but it is uncertain whether the company will reach similar levels in the medium term.

Estimate revisions MEUR / EUR	2024e	2024e	Change %	2025e	2025e	Change %	2026e	2026e	Change %
	Old	New		Old	New		Old	New	
Revenue	343	240	-30%	443	321	-27%	549	417	-24%
EBITDA	33.3	-14.9	-145%	59.7	27.2	-54%	89.0	59.9	-33%
EBIT (exc. NRIs)	22.7	-25.6	-212%	47.3	18.2	-62%	73.1	43.2	-41%
EBIT	22.6	-25.7	-213%	47.3	18.2	-62%	73.1	43.2	-41%
PTP	24.6	-24.2	-198%	49.3	19.7	-60%	75.1	44.7	-40%
EPS (excl. NRIs)	0.35	-0.37	-206%	0.70	0.28	-60%	1.06	0.64	-40%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Earnings-based valuation base melted away

The result of the next few years offers no valuation support

Our previous valuation for Kempower was based on its strong growth and profitability track record, especially in 2023, and on the assumption that the growing cost structure will within a year be reflected in a significant increase in revenue through new factories and wider distribution. However, the dramatic profit warning for 2024 means that recent investments turning profitable is much further away than expected. In addition, the already achieved profitability is temporarily buried under a mass of fixed costs and partly lost due to a decrease in revenue. Earnings-based valuation multiples for the coming years have thus become very high (EV/EBIT 2025: 67x and 2026e 28x). With our current forecasts, EV/EBIT only decreases to a more reasonable level of 13-16x in 2028-29.

Long-term value creation potential should not be ignored

We estimate that the drastic change in Kempower's earnings growth outlook for the next few years mainly stems from market demand fluctuations. In contrast, we believe that the competitiveness of Kempower's products and business operations is still strong, although comparison with competitors' development is challenging due to limited public information. The electrification trend in transport is also progressing and materializing in the long term, although slower than estimated one year ago. Therefore, we believe that investors should still value the long-term growth potential of Kempower's target market and Kempower's gross margins which are higher than for its competitors, as well as the opportunity to increase market shares. The low capital intensity of the

business enables a high ROIC if growth is successful. Market concentration to the most technologically advanced and cost-effective players will also limit competition in the long term, an example of which is the recent bankruptcies of a few competitors. However, there is significant uncertainty in the forecasting of long-term margin levels and profitability, and we lowered our profitability assumption for the terminal period to 12% EBIT margin (was 14%).

We lower our recommendation to Reduce

We do not consider Thursday's closing price of EUR 22.4 an attractive buying level for Kempower's stock considering the clear weakening in the near-term earnings outlook. There will probably be different phases in the electrification of transport, but at present, we believe that the visibility of achieving the objectives set out in the strategy is rather weak. Possible positive drivers could include, e.g., the launch of cheaper electric cars and the electrification of heavy traffic in the late 2020s. However, we would like clearer visibility for the materialization of growth and cheaper valuation multiples (EV/EBIT 15x over approximately a 3-year period) so that the risk/reward ratio of the stock could be considered attractive. Our DCF model values the share at EUR 19.2 with the cut profitability assumptions (terminal EBIT-%: 12%) and 8.2% for WACC.

Valuation	2024e	2025e	2026e
Share price	22.4	22.4	22.4
Number of shares, millions	55.3	55.3	55.3
Market cap	1238	1238	1238
EV	1209	1215	1195
P/E (adj.)	neg.	79.6	35.0
P/E	neg.	79.6	35.0
P/B	11.0	9.7	7.6
P/S	5.2	3.9	3.0
EV/Sales	5.0	3.8	2.9
EV/EBITDA	neg.	44.7	19.9
EV/EBIT (adj.)	neg.	66.7	27.6
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Detailed estimates

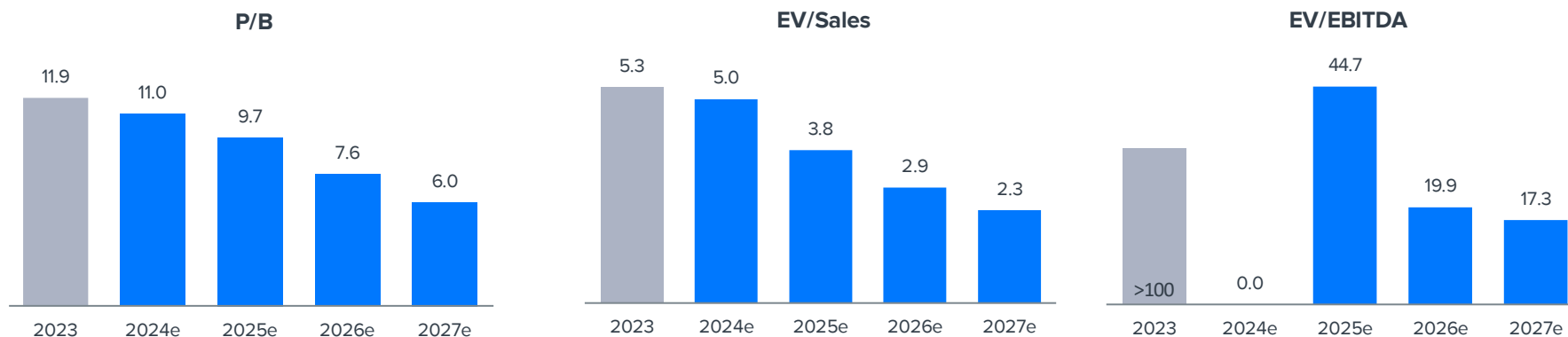
MEUR	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal period
Order intake			7	37	209	275	231	312						
- growth %				427 %	459 %	32 %	-16 %	35 %						
Order book			4	14	119	111	102	93						
				261 %	768 %	-7 %	-8 %	-9 %						
Revenue	0	0	3	27	104	284	240	321	417	509	611	672	739	
- growth %		68 %	909 %	730 %	278 %	174 %	-16 %	34 %	30 %	22 %	20 %	10 %	10 %	3 %
Revenue by geography														
Nordics	0	0	2	23	58	114	84	93	104	115				
- growth %					150 %	97 %	-26 %	11 %	12 %	10 %				
Rest of Europe	0	0	1	4	41	144	119	164	217	262				
- growth %					893 %	254 %	-18 %	38 %	33 %	21 %				
North America	0	0	0	0	2	11	25	46	71	101				
- growth %							123 %	84 %	53 %	43 %				
Rest of the world	0	0	0	0	4	14	12	18	25	32				
- growth %							-14 %	50 %	40 %	25 %				
Material and service costs	0.0	-0.1	-1.5	-13.6	-52.4	-129.4	-111.0	-150.9	-198.3	-244.5	-296.4	-329.4		
Personnel costs	-0.3	-1.1	-2.2	-7.5	-21.9	-48.9	-80.3	-80.3	-91.8	-109.5	-127.1	-135.1		
Other costs	-0.4	-1.3	-1.8	-5.9	-19.9	-58.3	-63.2	-62.7	-73.6	-87.6	-102.4	-109.4		
EBITDA	-0.6	-2.2	-2.1	0.5	9.5	47.1	-14.9	27.2	53.7	67.7	85.2	98.3	108.7	
- % of revenue				1.8 %	9.2 %	16.6 %	-6.2 %	8.5 %	12.9 %	13.3 %	13.9 %	14.6 %	14.7 %	
Depreciation and amortization	0.0	0.0	-0.1	-1.1	-3.4	-6.5	-10.8	-9.0	-10.4	-12.7	-14.7	-16.1	-17.0	
EBIT	-0.6	-2.2	-2.2	-0.7	6.1	40.6	-25.7	18.2	43.2	55.0	70.6	82.2	91.7	
- % of revenue				-2.6 %	5.9 %	14.3 %	-10.7 %	5.7 %	10.4 %	10.8 %	11.5 %	12.2 %	12.4 %	12.0 %
Financing expenses				-0.2	-1.3	2.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	
Taxes				1.1	-1.2	-9.3	3.6	-4.1	-9.4	-11.9	-15.1	-17.6	-19.6	
- Tax rate %				122 %	25 %	22 %	15 %	21 %	21 %	21 %	21 %	21 %	21 %	21 %
Net profit				0.3	3.6	33.7	-20.5	15.6	35.3	44.6	56.9	66.1	73.6	
EPS (EUR)				0.01	0.07	0.61	-0.37	0.28	0.64	0.81	1.03	1.20	1.33	
Investments (incl. capitalization of leasing contracts)			0	4	23	23	25	22	24	25	26	27	28	
Net working capital			3	4	21	18	29	37	46	53	61	63	70	
Cash and cash equivalents			1	90	74	100	110	180	263	311	361	384	407	
Headcount (at the end of year)	5	17	38	136	375	737	900							

Source: Inderes

Valuation table

Valuation	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e
Share price	28.7	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4
Number of shares, millions	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3
Market cap	1588	1238	1238	1238	1238	1238	1238	1238	1238
EV	1513	1209	1215	1195	1170	1134	1082	1026	965
P/E (adj.)	46.9	neg.	79.6	35.0	27.8	21.8	18.7	16.8	15.3
P/E	47.0	neg.	79.6	35.0	27.8	21.8	18.7	16.8	15.3
P/B	11.9	11.0	9.7	7.6	6.0	4.7	3.7	3.1	2.6
P/S	5.6	5.2	3.9	3.0	2.4	2.0	1.8	1.7	1.5
EV/Sales	5.3	5.0	3.8	2.9	2.3	1.9	1.6	1.4	1.2
EV/EBITDA	32.1	neg.	44.7	19.9	17.3	13.3	11.0	9.4	8.2
EV/EBIT (adj.)	37.2	neg.	66.7	27.6	21.3	16.1	13.2	11.2	9.6
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Tesla	775700	756381	78.8	101.6	51.9	53.1	8.4	8.3	83.6	101.8			16.0
Wallbox	253	395					2.5	1.8					3.6
Zaptec	84	91	11.0	27.8	8.6	15.1	0.7	0.7	13.5				1.3
Alfen	393	423	10.3	17.4	8.0	10.2	0.9	0.8	13.7	43.2			2.2
Kempower (Inderes)	1238	1209	-47.3	66.7	-81.3	44.7	5.0	3.8	-60.6	79.6	0.0	0.0	11.0
Average			33.4	48.9	22.8	26.1	3.1	2.9	36.9	72.5			5.8
Median			11.0	27.8	8.6	15.1	1.7	1.3	13.7	72.5			2.9
Diff-% to median			-530%	140%	-1045%	196%	199%	197%	-542%	10%			280%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	27.4	104	55.8	72.5	72.6	82.8	284	42.6	57.1	65.3	74.6	240	321	417	509
EBITDA	0.5	9.5	7.9	15.4	16.0	7.8	47.1	-8.6	-6.1	-2.4	2.2	-14.9	27.2	59.9	67.7
Depreciation	-1.1	-3.4	-1.1	-1.5	-1.7	-2.3	-6.5	-2.3	-2.4	-3.0	-3.1	-10.8	-9.0	-16.7	-12.7
EBIT (excl. NRI)	-0.6	6.7	6.9	13.9	14.4	5.5	40.7	-10.8	-8.5	-5.4	-0.8	-25.6	18.2	43.2	55.0
EBIT	-0.6	6.1	6.8	13.9	14.4	5.5	40.6	-10.9	-8.5	-5.4	-0.8	-25.7	18.2	43.2	55.0
Net financial items	-0.2	-1.3	0.2	0.3	0.2	1.8	2.5	0.3	0.4	0.4	0.4	1.5	1.5	1.5	1.5
PTP	-0.8	4.8	7.0	14.2	14.6	7.3	43.1	-10.6	-8.1	-5.0	-0.4	-24.2	19.7	44.7	56.5
Taxes	1.1	-1.4	-1.3	-3.2	-2.9	-1.9	-9.3	1.9	0.8	0.5	0.5	3.6	-4.1	-9.4	-11.9
Net earnings	0.3	3.4	5.7	11.0	11.7	5.4	33.8	-8.8	-7.3	-4.5	0.0	-20.5	15.6	35.3	44.6
EPS (adj.)	0.01	0.07	0.10	0.20	0.21	0.10	0.61	-0.16	-0.13	-0.08	0.00	-0.37	0.28	0.64	0.81
EPS (rep.)	0.01	0.06	0.10	0.20	0.21	0.10	0.61	-0.16	-0.13	-0.08	0.00	-0.37	0.28	0.64	0.81

Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	730.3 %	278.1 %	384.9 %	235.5 %	122.0 %	119.0 %	173.7 %	-23.6 %	-21.2 %	-10.0 %	-9.8 %	-15.5 %	34.0 %	30.0 %	22.0 %
Adjusted EBIT growth-%			-788.8 %	671.5 %	504.7 %		507.5 %	-256.5 %	-161.5 %	-137.5 %	-115.2 %	-162.8 %	-171.2 %	137.6 %	27.1 %
EBITDA-%			14.1 %	21.2 %	22.1 %	9.4 %	16.6 %	-20.1 %	-10.8 %	-3.7 %	3.0 %	-6.2 %	8.5 %	14.4 %	13.3 %
Adjusted EBIT-%			12.4 %	19.2 %	19.8 %	6.7 %	14.4 %	-25.3 %	-15.0 %	-8.3 %	-1.1 %	-10.7 %	5.7 %	10.4 %	10.8 %
Net earnings-%			10.2 %	15.2 %	16.1 %	6.5 %	11.9 %	-20.6 %	-12.8 %	-6.9 %	0.1 %	-8.6 %	4.8 %	8.5 %	8.8 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	24.3	44.2	58.4	71.4	78.4
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	2.6	1.8	1.8	1.8	1.8
Tangible assets	21.1	38.2	52.4	65.4	72.4
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	1.4	1.4	1.4	1.4
Deferred tax assets	0.6	2.8	2.8	2.8	2.8
Current assets	130	194	226	331	453
Inventories	27.1	51.6	58.0	76.1	96.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	28.7	42.1	58.1	74.6	92.8
Cash and equivalents	74.0	99.8	110	180	263
Balance sheet total	154	238	284	402	531

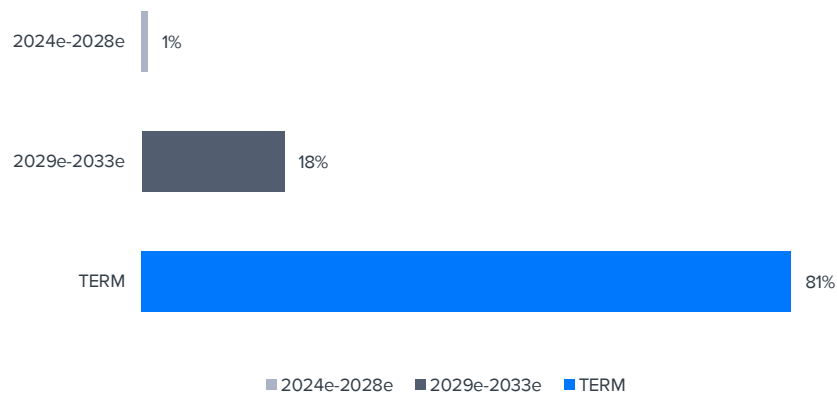
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	101	133	112	128	163
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	6.4	42.4	21.9	37.4	72.8
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	94.2	90.4	90.4	90.4	90.4
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	16.0	24.4	69.6	131	183
Deferred tax liabilities	0.4	0.0	0.0	0.0	0.0
Provisions	2.4	3.8	3.8	3.8	3.8
Interest bearing debt	13.3	20.5	65.7	127	179
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.1	0.1	0.1	0.1
Current liabilities	37.5	80.4	103	143	185
Interest bearing debt	2.4	4.7	15.1	29.2	41.1
Payables	35.1	75.7	87.5	114	144
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	154	238	284	402	531

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	173.7 %	-15.5 %	34.0 %	30.0 %	22.0 %	20.0 %	10.0 %	10.0 %	10.0 %	10.0 %	3.0 %	3.0 %
EBIT-%	14.3 %	-10.7 %	5.7 %	10.4 %	10.8 %	11.5 %	12.2 %	12.4 %	12.4 %	12.0 %	12.0 %	12.0 %
EBIT (operating profit)	40.6	-25.7	18.2	43.2	55.0	70.6	82.2	91.7	101	107	111	
+ Depreciation	6.5	10.8	9.0	16.7	12.7	14.7	16.1	17.0	17.2	18.8	20.2	
- Paid taxes	-11.9	3.6	-4.1	-9.4	-11.9	-15.1	-17.6	-19.6	-21.5	-22.9	-23.5	
- Tax, financial expenses	0.5	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	2.8	-10.6	-8.1	-8.9	-7.5	-7.6	-2.7	-6.3	-7.0	-7.7	-2.5	
Operating cash flow	38.5	-21.6	15.2	41.9	48.7	62.8	78.3	83.1	89.9	96.0	105	
+ Change in other long-term liabilities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX		-25.0	-22.0	-23.7	-25.0	-26.2	-26.9	-27.5	-28.2	-28.2	-20.7	
Free operating cash flow		-46.6	-6.8	18.3	23.7	36.6	51.5	55.6	61.7	67.8	84.3	
+/- Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF		-46.6	-6.8	18.3	23.7	36.6	51.5	55.6	61.7	67.8	84.3	1685
Discounted FCFF		-44.9	-6.0	15.1	18.1	25.8	33.5	33.5	34.4	34.9	40.1	802
Sum of FCFF present value		987	1032	1038	1023	1005	979	945	912	877	842	802
Enterprise value DCF		987										
- Interest bearing debt		-25.2										
+ Cash and cash equivalents		99.8										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		1061										
Equity value DCF per share		19.2										

Cash flow distribution

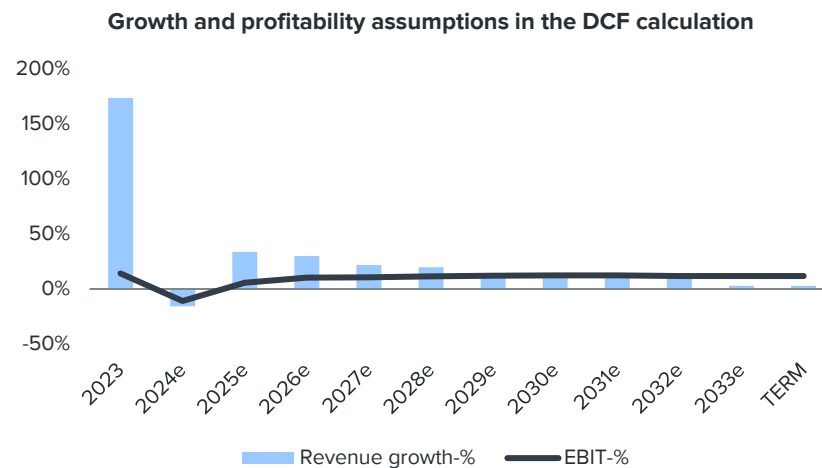
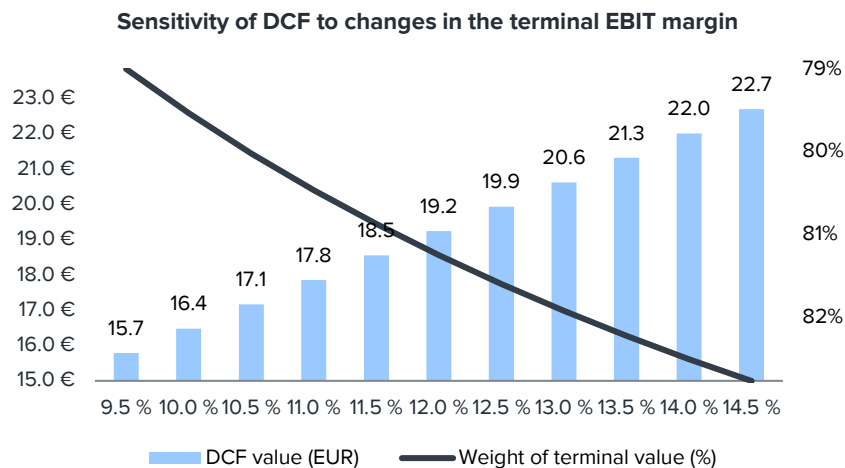
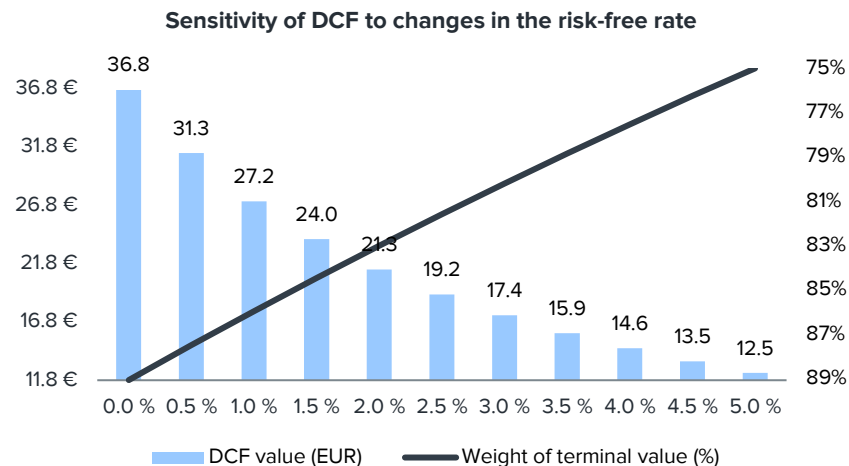
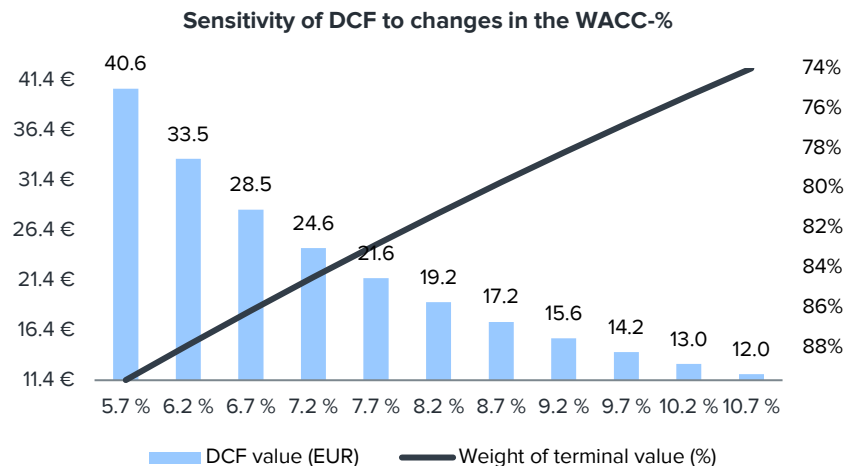


WACC

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.0 %
Equity Beta	1.33
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.8 %
Weighted average cost of capital (WACC)	8.2 %

Source: Inderes

DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	27.4	103.6	283.6	239.6	321.1	EPS (reported)	0.01	0.06	0.61	-0.37	0.28
EBITDA	0.5	9.5	47.1	-14.9	27.2	EPS (adj.)	0.01	0.07	0.61	-0.37	0.28
EBIT	-0.6	6.1	40.6	-25.7	18.2	OCF / share	0.00	-0.16	0.70	-0.39	0.28
PTP	-0.8	4.8	43.1	-24.2	19.7	FCF / share	-0.14	-0.53	0.29	-0.84	-0.12
Net Income	0.3	3.4	33.8	-20.5	15.6	Book value / share	1.76	1.81	2.40	2.03	2.31
Extraordinary items	0.0	-0.6	-0.1	-0.1	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	108.5	154.2	237.7	284.5	402.2	Revenue growth-%	730%	278%	174%	-16%	34%
Equity capital	97.5	100.7	132.9	112.3	127.9	EBITDA growth-%	-124%	1800%	396%	-132%	-283%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-73%	-1217%	507%	-163%	-171%
Net debt	-89.3	-58.3	-74.6	-29.2	-23.7	EPS (adj.) growth-%		1287%	718%	-160%	-176%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	1.8 %	9.2 %	16.6 %	-6.2 %	8.5 %
EBITDA	0.5	9.5	47.1	-14.9	27.2	EBIT (adj.)-%	-2.2 %	6.5 %	14.4 %	-10.7 %	5.7 %
Change in working capital	-0.6	-17.2	2.8	-10.6	-8.1	EBIT-%	-2.2 %	5.9 %	14.3 %	-10.7 %	5.7 %
Operating cash flow	-0.1	-8.6	38.5	-21.6	15.2	ROE-%	0.6 %	3.5 %	28.9 %	-16.7 %	13.0 %
CAPEX	-4.4	-23.2	-24.2	-25.0	-22.0	ROI-%	-1.2 %	5.7 %	29.6 %	-14.6 %	7.6 %
Free cash flow	-7.7	-29.7	15.8	-46.6	-6.8	Equity ratio	89.9 %	65.3 %	55.9 %	39.5 %	31.8 %
						Gearing	-91.5 %	-57.9 %	-56.1 %	-26.0 %	-18.5 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	20.2	10.0	5.3	5.0	3.8						
EV/EBITDA	>100	>100	32.1	neg.	44.7						
EV/EBIT (adj.)	neg.	>100	37.2	neg.	66.7						
P/E (adj.)	>100	>100	46.9	neg.	79.6						
P/B	6.6	10.8	11.9	11.0	9.7						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy The 12-month risk-adjusted expected shareholder return of the share is very attractive

Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/15/2022	Accumulate	20.00 €	18.35 €
10/30/2022	Accumulate	22.00 €	19.64 €
2/15/2023	Reduce	27.00 €	27.56 €
4/14/2023	Lisää	30.00 €	27.30 €
4/20/2023	Accumulate	32.00 €	28.80 €
7/19/2023	Accumulate	43.00 €	41.68 €
7/25/2023	Reduce	43.00 €	42.84 €
9/18/2023	Accumulate	52.00 €	46.10 €
10/19/2023	Accumulate	44.00 €	37.88 €
10/31/2023	Buy	44.00 €	29.59 €
2/9/2024	Buy	41.00 €	28.72 €
2/15/2024	Buy	32.00 €	22.72 €
3/25/2024	Buy	32.00 €	19.55 €
4/25/2024	Buy	28.00 €	17.37 €
7/12/2024	Reduce	19.00 €	22.40 €



Inderes democratizes investor information by connecting investors and listed companies.

We help over 400 listed companies better serve investors. Our investor community is home to over 70,000 active members.

We build solutions for listed companies that enable frictionless and effective investor relations. For listed companies, we offer Commissioned Research, IR Events, AGMs, and IR Software.

Inderes is listed on the Nasdaq First North growth market and operates in Finland, Sweden, Norway, and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



**STARMINE
ANALYST AWARDS
FROM REFINITIV**



THOMSON REUTERS
ANALYST AWARDS



Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen
2014, 2016, 2017, 2019



Sauli Vilén
2012, 2016, 2018, 2019, 2020



Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen
2020



Joni Grönqvist
2019, 2020



Erkki Vesola
2018, 2020



Petri Gostowski
2020



Atte Riikola
2020

**Connecting investors
and listed companies.**